RAJYA SABHA

Tuesday, the 18th April, 2000/Chaitra 29, 1922 (Saka)

The House met at eleven of the clock, MR. CHAIRMAN in the Chair

MEMBERS SWORN

1. Shri Prafiil Manoharbhai Patel (Maharashtra)
2. Shri Ram Nath Koxind (Uttar Pradesh)

ORAL ANSWERS TO QUESTIONS

Revenue Collected from States during 1999-2000

*341. SHRI BRAHMAKUMAR BHATT: Will the Minister of FINANCE be pleased to state :

(a) whether Government have earned revenue from various districts of Gujarat and other States through Income Tax, Excise Duty, Customs Duty and Small Savings during 1999-2000;

(b) if so, the amount so collected from each source during the above and

(c) the amount returned to each State during the above period?

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI V. DHANANJAY KUMAR): (a) to (c) A Statement is laid on the Table of the House.

STATEMENT

Re: Revenue Collected from States during 1999-2000

(a) and (d)Data for these purposes are not maintained district-wise. Provisional fogires of revenue collected by the Central Govenunent through Income tax, Central Excise and Customs duties during 1999-2000, in Gujarat and other States/UTs, are as under:

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*Reference

(Rupees in crore)

	Income tax	Central Excise	Customs Duties
Gujarat*	1513	9171	7608
Other States/UTs	22813	52218	40707
TOTAL	24326	61389	48315

* For Income tax, the figures are in respect of the Chief Commissioner, Ahmedabad zone, which covers the State of Gujarat. For central excise and customs duties, the figures are in respect of the Vadodara zone, which includes Dadra and Nagar Haveli and Daman and Diu.

The Central Government is not earning any revenue through Small Savings Schemes.

(c) The amounts released to the States during the year 1999-2000 are given in the attached Statement-I.

STATEMENT-I

State-wise distribution of Basic Excise Duties, Additional Excise Duties in heu of Sales Tax and Income Tax during the Financial year 1999-2000

(In crore of Rupees)

Sl. No.	State	Basic Excise Duties	Additional Excise Duties	Income Tax
1	Andhra Pradesh	1709.93	232.29	1401.'08
2	Arunachal Pradesh	286.85	3.09	28.14
3	Assam	914.23	73.76	460.79
4	Bihar	2597.93	235.97	2128.69
5	Goa	59.24	6.89	29.79
6	Gujarat	817.29	178.08	669.67
7	Haryana	250.08	70.28	204.91
8	Himachal Pradesh	685.26	17.67	116.52
9	Jammu & Kashmir	1119.24	25.43	181.57
10	Karnataka	1078.48	170.62	883.68
11	Kerala	782.75	111.10	641.37
12	Madhya Pradesh	1674.58	214.94	1372.12

1	2	3	4	5
13	Maharashtra	1237.45	357.26	1013.95
14	Manipur	335.27	5.85	46.68
15	Meghalaya	289.34	5.58	46.84
16	Mizoram	298.03	2.35	24.66
17	Nagaland	492.01	4.07	29.96
18	Orissa	933.75	99.36	743.99
19	Punjab	295.12	101.65	241.82
20	Rajasthan	1121.30	144.75	918.77
21	Sikkim	103.28	1.57	20.86
22	Tamil Nadu	1340.68	227.80	1098.52
23	Tripura	458.48	8.50	62.57
24	Uttar Pradesh	3597.83	432.89	2947.99
25	West Bengal	1509.14	238.71	1236.56
	TOTAL :	23987.54	2970.46	16551.50

SHRI BRAHMAKUMAR BHATT ; On what basis this share is given to the States? How much was allocated for Gujarat during 1999-2000 from Income-tax and Excise, separately? Part (b) of my question is : Why no share is given from customs duty received from material imported by Gujarat? What is the rationale behind it?

SHRI V. DHANANJAY KUMAR: Sir, the division of the share of central revenue is guided by the constitutional provisions and articles 269 to 277 and 280 lay down the guidelines for giving the share of the central revenue to the State Governments. Sir, the Finance Commission deliberates on this and they make recommendations to the Union Government. Invariably, the Union Government accepts the recommendations of the Finance Commission. Sir, for the years 1995—2000, the recommendations of the 10th Finance Commission have been strictly implemented. For the year commencing from 1st April, 2000, the 11th Finance Commission has given an interim report, based on which the States' share will be allocated. Sir, since the Member wants the details, I would say that the 10th Finance Commission had made the recommendation to allocate 77.5 per cent of the income-tax to the various states. It also made a recommendation that 47.5 per cent of the duty on excise would be allocated to the various States. For the year commencing from 1st

April, 2000, the interim report of the 11th Finance Commission has enhanced this allocation from 77.5 per cent to 80 per cent, so far as the share in income-tax is concerned and from 47.5 per cent to 52 per cent, so far as the duty on excise is concerned.

SHRI PRANAB MUKHERJEE ; Could you repeat that figure?

SHRI V. DHANANJAY KUMAR : The share of excise duty was raised from 47.5 per cent to 52 per cent.

SHRI BRAHMAKUMAR BHATT : As regards small savings, what is the amount invested in small savings from Gujarat in 1999-2000? What is the percentage of amount released to the State of Gujarat in 1999-2000? This is-(a) part of my question. Part (b) of my question is, whether the Government would offer incentives like better interest rates, income-tax exemptions and such other incentives to the State small savings organisations and agents who are collecting the amounts.

SHRI V. DHANANJAY KUMAR : Sir, in fact, small savings will not be accounted for under the revenue collection of the Union Govermnent. Infact, small savings, in one sense, are a liability on the exchequer. The entire portion of the small savings will be utilised by the State Govenunents. Eighty per cent of that will be utilised by the State Governments. A meagre amount of 20 per cent will be utilised by the Union Government. That being the case, there is no occasion for the Union Government to make specific allocations of the small savings to the State Governments, including the State of Gujarat.

SHRI BRAHMAKUMAR BHATT : You have said in your reply that the Central Government is not earning any revenue from small savings and 80 per cent is given to the States. It means that you are keeping 20 per cent.

SHRI V. DHANANJAY KUMAR : Sir, it is based on the collections made. Eight}' per cent of the earnings made from small savings in every State will be utilised by the State Government. Only 20 per cent will be utilised by the Union Government. There is nothing to be specifically allocated to the ' States.

श्री संजय निरूपम : सभापति महोदय, मुम्बई इस देश की आर्थिक राजधानी कहलाती है और जहां तक मेरी जानकारी है पूरे महाराष्ट्र से, विशेषकर मुम्बई से सबसे ज्यादा रिवेन्यू आता है । तो सबसे पहले मैं माननीय मंत्री महोदय से यह जानना चाहता हूं कि क्या सचमुच वहां ऐसी स्थिति है? जो स्टेटवाइज़ कलेक्शन आपने दिया है, गुजरात का दिया है और दूसरी स्टेट्स का भी

दिया है, तो सबसे पहले यह बताया जाए कि पूरे हिन्दुस्तान में तमाम राज्यों की तुलना में क्या महाराष्ट्र इनकम टैक्स और एक्साईज़ ड्यूटी वगैरह में सबसे ज्यादा शेयर देता है? लेकिन जब डिस्ट्रिब्यूशन होता है और सेंट्रल गवर्नमेंट स्टेट गवर्नमेंट्स को वापस फंड्ज़ देती है, तो जितना शेयर दिया जाता है, उसके अनुपात में वह नहीं मिलता है । मैं मंत्री महोदय से कहना चाहूंगी कि स्टेट गर्वमेंट्स की तरफ से , राज्यों की तरफ से सेंट्रल गवर्नमेंट को जितना रिवेन्यू दिया जा रहा है, उसकी तुलना में उसी अनुपात में उनको उतना ही शेयर दिया जाना चाहिए, ऐसी व्यवस्था करने की क्या कोई योजना है?

श्री वी. धनंजय कुमार : सर, मैं माननीय सदस्य की जानकारी के लिए पहले ही बता चुका हूं कि यह जो स्टेट्स को हम रिवेन्यू का शेयर देते हैं, वह वहां की वसूली के आधार पर नहीं है । कंस्टीट्यूशन के प्रोविज़न्स के मुताबिक फाइनेंस कमीशन ने इसके लिए एक अलग फार्मूला बनाया है और उस फार्मूले के मुताबिक फाईनेंस कमीशन ने इसके लिए एक अलग फार्मूला बनाया है और उस फार्मूले के मुताबिक ही हम राज्यों को उनका हिस्सा देते हैं । मैं इसमें थोडी सी और जानकारी दूं कि राज्यों के बीच में रिवेन्यू का हिस्सा कैसे दिया जाए, 10 वें फाइनेंस कमीशन ने इसके लिए अभी एक फार्मूला बनाया है The factors which are taken into consideration by the Tenth Finance Commission for allocation of the revenue share to the States are : 20 per cent on the basis of the population of 1971; 60 per cent on the basis of distance *of per capita* income; 5 per cent on the basis of area-adjusted; 5 percent on the basis of index of infrastructure; and, finally, 10 per cent on the basis of tax efforts. These norms are adopted on the basis of a study made by the Finance Commission and after interaction with the States the Finance Commission has come to this conclusion. As the hon. Members are aware, the Finance Commission will visit the States, they will have interaction with all the States and the State Governments will have an opportunity to make their representation before the Finance Commission. It also gathers evidence and on a broad principle, these formulae are laid down. The main reason for making this 60 per cent on the basis of distance of per *capita* is that ours being a welfare State the backward States where the revenue earning capacity is not to the desired level, should not remain backward, to bring them at par. So far as the achievements and developments are concerned, this formula was adopted by the Tenth Finance Commission. So far as the State of Maharashtra is concerned, there is no dispute that Maharashtra has made the largest revenue contribution because of the number of industries, the volume of trade and business there. But, Sir, the Finance Commission, in its wisdom, took all these aspects into consideration and laid down this formula.

MR. CHAIRMAN : Shri Pranab Mukherjee. *(Interruptions)*

SHRI SANJAY NIRUPAM : Sir, *{Interruptions)*

MR. CHAIRMAN : No, no. Nothing more *(Interruptions)*

SHRI SANJAY NIRUPAM : I just want to know.... *(Interruptions)*

MR. CHAIRMAN : Please, please,

SHRI SANJAY NIRUPAM : I just want to know, will the hon. Minister provide the percentage of share and the percentage of allocation given to Maharashtra State?

MR. CHAIRMAN : No, no. That question cannot arise again. You have already put one question. No further clarifications are required.

SHRI PRANAB MUKHERJEE : Sir, as the hon. Minister has said that as per the interim report of the Tenth Finance Commission, the share of States in both income-tax and central excise duty have been increased, i.e. from 77.5% to 80% and from 47.5% to 52%, respectively. I hope it is net of the expenses. I would like the hon. Minister to clarify whether it is gross or it is net. Net means—of course you are fully aware—after deducting the expenditure incurred on the collection. I would also like to know from him the fate of the alternative devolution formula which was recommended by the Tenth Finance Commission. That means, all the central taxes will be brought within the divisible pool and 29% of that will be transferred to that States. I also understand from newspaper reports that the Finance Minister held a meeting with the Chief Ministers. Actually, I want to know what is the position in regard to that alternative devolution formula. Where does it stand? We already know that the term of the Eleventh Finance Commission ended on 1st of April, 2000.

SHRI V. DHANANJAY KUMAR : Sir, the hon. Pranab babu, who has been the Finance Minister of this country knows very well how this formula works.

SHRI PRANAB MUKHERJEE : I have not asked about the formula. I have asked whether it is net or gross.

SHRI V. DHANANJAY KUMAR : Our effort is always to see that the guidelines laid down under the Constitution are followed. Sir, the report of the Finance Commission will always be honoured by the Union Government. While the recommendations were made by the Finance Commission, these aspects

were taken into consideration. For the present, we have not yet received the final report of the Eleventh Finance Commission. Only an interim report has come before the Government. Based on that interim report, for the time being, the share is decided at 80% and 52%, as 1 have stated. So far as this net or gross is concerned, this percentage will be of the net collections or the gross collections. So far as the anxiety expressed by the hon. Member regarding the expenses involved in collection, the hon. Member is very well aware that the expenses incurred in revenue collection are minimal. It is not even 2%. It is less than 2% of the revenue collection,

SHRI PRANAB MUKHERJEE : Less than 2% expenditure is on direct taxes.

SHRI V. DHAN ANJAY KUMAR: Yes, Sir. It is very minimal. That will not make much difference. In fact, as we augment the revenue, more money will flow to the States; naturally, the share will go up.

SHRI PRANAB MUKHERJEE : I am sorry. Sir, my question was diflerent. The Tenth Finance Commission gave two sets of recommendations. With regard to divisible tax, they fixed the percentage, as you yourself have stated—income-tax-77.5% and excise duty-47.5%. But they gave an alternative formula also. All divisible central tax—income tax, corporation tax, central excise duty—would be brought together under a divisible pool and 29% of the divisible pool would be distributed to the States. The Finance Minister had discussed with the State Chief Ministers and Finance Ministers of the States. What I wanted to know was the status of that alternative devolution formula and where does it stand. Please let me know this. I am not interested in any other matter

SHRI V. DHANANJAY KUMAR : Sir, no final decision is yet taken on that. We are in the process of taking a decision. It is discussed with all the Chief Ministers. The finance Minister will come out with a decision.

SHRI PRANAB MUKHERJEE : Mr. Minister, I am sorry. The standing Committee of Finance Ministers had made reconunendations to the Govertunent for making a Constitutional amendment. If you do not have the informafion, you can collect it and give it to me. I have no problem.

SHRI V. DHANANJAY KUMAR ; The Government has the highest respect for the recommendations of the Standing Committee also. All that will be taken into consideration when a final decision is taken.

श्री अनन्तराय देवशंकर दवे : सभापति महोदय, माननीय मंत्री जी ने अभी जवाब दिया कि कांस्टीट्यूशन के अंतर्गत जो फाइनेंस कमीशन है उसने कुछ गाइडलाइन्स तय की हैं। उन गाइडलाइन्स के अनुसार वे सभी राज्यों को उनका हिस्सा दे रहे हैं। मैं जानना चाहता हूं कि क्या ये गाइडलाइन्स, जो तय की गई हैं परफेक्ट हैं? कुछ स्टेटस में, जहां बहुत संख्या में बी.पी.एल. (गरीबी रेखा) के नीचे लोग रह रहे हैं, वे उसमें नहीं लिए गए हैं। क्या सरकार उन गाइडलाइन्स में इसके लिए कुछ नये प्रावधान तय करेगी? क्योंकि इसकी वजह से जो बॉर्डर स्टेट्स हैं उन्हें पूरी रकम नहीं मिलती। क्या आप इसे सुधारने जा रहे हैं?

श्री वी. धनंजय कुमार : सभापति महोदय, सर पिछले 50 सालों से जो गाइडलाइन्स फाइनेंस कमीशन ने अपनाई हैं हमने उनको एक्सेप्ट किया है और उसी के आधार पर हम राज्यों को उनका हिस्सा देते आए हैं। जैसा मैंने शुरू में बताया था 7 प्रतिशत हिस्से में on the basis of distances of per capita income दे रहे हैं, इसका आधार यह है कि जिन पिछड़े हुए राज्यों में उत्पादन कम है तथा उन्हें जो हिस्सा टैक्स में, रिवेन्यू में मिलना है उसमें कोई कमी न आए, इस दृष्टि को आधारभूत रखकर फाइनेंस कमीशन ने यह रिपोर्ट दी है।

श्री अनन्तराय देवशंकर दवे : सभापति महोदय, मेरा सवाल यह नहीं है। नई गाइडलाइन्स में जो अधूरा है आप उन्हें पूरा करने की कोशिश करेंगे या नहीं ? अभी सारा माहौल बदल गया है।

SHRI V. DHANANJAY KUMAR : Sir, the Finance Commission is also guided by the provisions of the Constitution. The Constitutional provisions are very well laid down as to how much share should go to the States out of the Central revenue. On the basis of the well laid down guidelines in the Constitution, the Finance Commission gives its report.

SHRI S. R. BOMMAI : The hon. Minister is aware of the fact that the Inter-State Council's Standing Committee has discussed this matter and gave its recommendations. Some of the Chief Ministers demanded fifty per cent of the divisible revenue, but tentatively, it wds agreed that it would be 33%. I would like to know whether the Minister is aware of that. Is the Government going to act on that ?

SHRI V. DHANANJAY KUMAR ; Sir, I have already answered this point when Pranabda had raised this question. The alternative formula is also before the Government and no final decision is yet taken. The Government is actively considering it.

श्रीमती सरला माहेश्वरी : सभापति महोदय, माननीय मंत्री जी ने कहा हमारा राज्य जनकल्याणकारी राज्य है । जनकल्याणकारी राज्य की अवधारणा रखते हुए हमारे संविधान निर्माताओं की यह स्पष्टा मान्यता थी कि हमारे देश का आर्थिक विकास हमारे देश में आर्थिक विषमता या राज्यों के बीच में किसी तरह की विषमता न पैदा करें ।इसलिए वित्त आयोग संस्था का गठन किया गया था । मैं मंत्री जी से जानना चाहती हूं कि उसमें जो फेरबदल की जरूरत थी वह क्यों नहीं किया गया ? क्या यह सच है कि 80 के बाद से विशेषकर आर्थिक सुधार जब से शुरू हुए तब से विकसित राज्यों और पिछड़े राज्यों के बीच निवेश में भारी अन्तर होता जा रहा है, मेरे पास उसकी तालिका है जिसके अनुसार 9 विकसित राज्य हैं । आंध्र प्रदेश, गुजरात, हरियाणा, कर्नाटक, केरल, पंजाब और तमिलनाडु आदि जो पूरे पूंजी निवेश का 65.9 प्रतिशत हिस्सा ले जाते है अर्थात दो तिहाई से ज्यादा हिस्सा ले जाते हैं और जो पिछड़े हुए राज्य हैं उनको सिर्फ 28.1 फीसदी पूंजी निवेश का हिस्सा मिलता है । यह जो भारी विषमता है, इसको दूर करने के लिए माननीय मंत्री महोदय क्या कर रहे हैं? इसके साथ ही मैं यह जानना चाहूंगी कि पश्चिमी बंगाल सरकार की तरफ से पश्चिमी बंगाल के वित्त मंत्री की तरफ से बार-बार वैकल्पिक प्रस्ताव रखे गये हैं, इसके बावजूद भी हमारे मंत्री महोदय यह कहते हैं कि चर्चा हो रही है, विचार करेंगे । विचार आज तक नहीं किया जा सका है । इसके अलावा आप पश्चिमी बंगाल के विषय में भी तथ्य दें कि वहां से आपने कितना संग्रह किया और कितना पश्चिमी बंगाल को दिया ?

श्री वी. धनंजय कुमार : सभापति महोदय, माननीया सदस्या की जानकारी के लिए मैं यह बताना चाहता हूं कि पूंजी निवेश का विषय मूल प्रश्न के नीचे नहीं आता है । फिर भी मैं कहना चाहूंगा कि पूंजी निवेश में जो विषमता है, वह इसका आधार नहीं बन सकता । पूंजी निवेश में जो विषमता है, यह इसलिए नहीं है कि उस राज्य की आमदानी कम है । फिर भी फाइनेंस कमीशन ने जो फार्मूला अपनाया है, उसके आधार पर उन राज्यों को शेयर में कोई कमी नहीं आएगी, उनको बराबर हिस्सा मिलता रहेगा । ...(**व्यवधान**)...

श्रीमती सरला माहेश्वरी : राज्यों की तरफ से, केन्द्रीय सरकार की तरफ से जो हिस्सा है, वह बताइये ।

श्री वी. धनंजय कुमार : यह अलग सवाल होता है ।

श्री सभापति : यह इसमें नहीं आता है ।

श्री वी. धनंजय कुमार : देश की प्रगति में पश्चिमी बंगाल का एक अपना विशेष स्थान है, इसके बारे में इस वक्त चर्चा करना ठीक नहीं होगा ।इसके लिए अलग से सूचना माननीया सदस्या देंगी तो उसके बारें में चर्चा कर सकते हैं । लेकिन अभी हमारा प्रयास है कि पश्चिमी बंगाल की हमने कभी उपेक्षा नहीं की है । पश्चिमी बंगाल – का अपना हिस्सा जितना मिलना चाहिये,उतना मिलता रहेगा । ...(**व्यवधान**)...

श्रीमती सरला माहेश्वरी : आप यह बताइये कि कितना मिलता रहेगा ?

SHRI S. VIDUTHALAI VIRUMBI: Mr. Chairman, Sir, when the hon. Minister was replying to the question raised by Pranabji, he referred to the difference between the net proceeds and the gross proceeds of the Divisible Pool and said that it is negligible. But it is not so. The difference between the net proceeds and the gross proceeds is very considerable and crores of rupees are being lost by the State Governments. If this is the case, then I think the observation made by the hon. Minister is not correct. By the way my point is that some States are implementing the poverty alleviation programmes in a very efficient manner. They have reduced the number of those people who are below the poverty line to the maximum possible extent. The States which are doing so efficiently, actually, get less amount from the Centre when the next Budget comes. What we feel is that the States which are implementing poverty alleviation programmes efficiently, should be prized by allocating them more funds. Therefore, I would like to know whether the Central Government would come forward and revise the formula which they are adopting now so that the States which are doing the best job to reduce the number of those people who are below the poverty line, are allocated more funds. I expect response of the Government in this regard.

SHRI V. DHANANJAY KUMAR : Sir, I folly appreciate the concern expressed by the hon. Member. Sir, these are the matters for consideration. All the States, even individuals and associations, get an opportunity to go before the Finance Commission. You can always plead your case before the Finance Cominission. After a careful consideration of all that, the Finance Commission in its wisdom can make its recommendations in this regard.

Reduction in rate of commission payable to Mahila Pradhan Agents under NSS

@*342. SHRI GAYA SINGH :

SHRI J. CHITHARANIAN :

Will the Minister of Finance be pleased to state :

(a) whether Government have issued orders reducing the 5 per cent commission given to the Mahila Pradhan Agents working under the National Savings Scheme to 4 per cent; and

(b) if so, what are the reasons therefor ?

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*The question was actually asked on the floor of the House by Shri Gaya Singh.

@Starred Question Nos. 342 and 349 were taken together